**Volatility in NSE and BSE**

749. SHRI S.S. AHLUWALIA : Will the Minister of FINANCE be pleased to state:

(a) the details of volatility witnessed in the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in the recent past and the intra-day fluctuations during trading sessions for several days in middle of October, 2007 indicating instances of imposition of circuit-breakers by the stock exchanges;

(b) whether any probe conducted by regulators to ascertain the reasons which triggered major fluctuations on the respective days and also to identify the net gainers and losers among the investors and brokers consequent to such fluctuation;

(c) if so, the findings thereof; and

(d) if not, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The volatility has been as under:

| Indices | Jul., 2007 | Aug., 2007 | Sept. 2007 | Oct. 2007 |
|---|---|---|---|---|
| Nifty | 1.16 | 2.01 | 1.06 | 2.40 |
| Sensex | 1.07 | 1.96 | 1.04 | 2.29 |

Intra-day movement, that is, the High Low variation percentage in respect of Nifty ranged from 1.55% to 10.8% during October, 2007. It ranged from 1.26% to 8.86% in respect of Sensex during the same month.

The circuit breaker was applied on 17th October, 2007 when Nifty fell by 10%.

(b) to (d) The fluctuations in stock market is a function of the perception of investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments. The fluctuations in October, 2007 could be attributed, among others, to policy initiative relating to off shore derivative instruments, sub-prime crisis in the USA, interest rate cut by the US Fed, Yen carry trade, rise in oil prices, etc. The authorities do not generally react unless fluctuations are attributed to manipulation in the market. Stock Exchanges have, however, been directed by SEBI to analyse steep falls and rises in the market to detect untoward patterns or skewed concentration. Preliminary analysis by them does not reveal such findings.

**Reining in inflation**

750. SHRIMATI SUPRIYA SULE : Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister had asked the Chief Ministers to play their role in reining in inflation;

(b) if so, whether the State Government of Maharashtra is yet to convene a meeting of the high power committee, appointed for the same purpose in September, 2006;

(c) if so, whether the Chief Minister of Maharashtra has considered an early meeting with the Prime Minister in this regard; and

(d) if so, what are the steps Maharashtra has taken in this regard and to what extent steps have been taken by Maharashtra to check inflation and price rise in the State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Yes, Sir. The Central Government had requested the State Governments to take all necessary steps to keep inflation under control. In a letter dated 21st February, 2007 the Prime Minister has appealed to this effect to all the Chief Ministers. The letter makes specific mention to curb speculation in some of the commodities, especially pulses. It also exhorts the State Governments to take necessary steps to curb malpractices, profiteering and hoarding and ensure efficient functioning of the Public Distribution System. The letter also outlined the various fiscal, administrative and supply side augmentation measures that have been taken by the Central Government in the recent past. As a result of these initiatives inflation as measured in terms of Wholesale Price Index has already moderated to reach 3.01 per cent on November 10, 2007. Inflation has been ruling below 4 per cent level for last 13 weeks.

**Common regulator for industrial sectors**

751. SHRIMATI SUPRIYA SULE : Will the Minister of FINANCE be pleased to state:

(a) whether Government is exploring the possibility of having a common regulator for various industrial sectors with the idea to bind together varied regulations in a single and coherent regulatory framework;

(b) whether the Planning Commission in consultation with his Ministry has prepared a paper in this regard;

(c) whether Government is also considering to bring a fresh legislation to lay down the overall regulatory approach; and

(d) if so, by when a final decision in this regard is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) A consultation paper on 'Approach to Regulation of Infrastructure—Issues and Options' has been prepared by Planning Commission. A copy of the paper has been put up on the website of the Planning Commission for comments of the stake holders, experts etc. Planning Commission has also organized meetings with various stake holders to elicit their comments and views. This paper analyses the rationale for regulation, surveys the existing regulatory institutions and identifies the principles and policy options for an overarching regulatory framework.

**Regulation of Participatory Note by SEBI**

752. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that on 17th October, the Sensex crashed because of untimely announcement to regulate the Participatory Note by Securities and Exchange Board of India (SEBI);

(b) if so, the details thereof;

(c) whether it is also a fact that the Ministry took undue long time to react to that statement leading to fall in the index by 1800 points and investors loosing 4 lakh crores;

(d) the reasons for the Ministry reacting so late; and

(e) the details of persons who made large purchases during this crash?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Regulation is a continuous process. The announcement made by the Securities and Exchange Board of India (SEBI), after trading hours on 16th October,